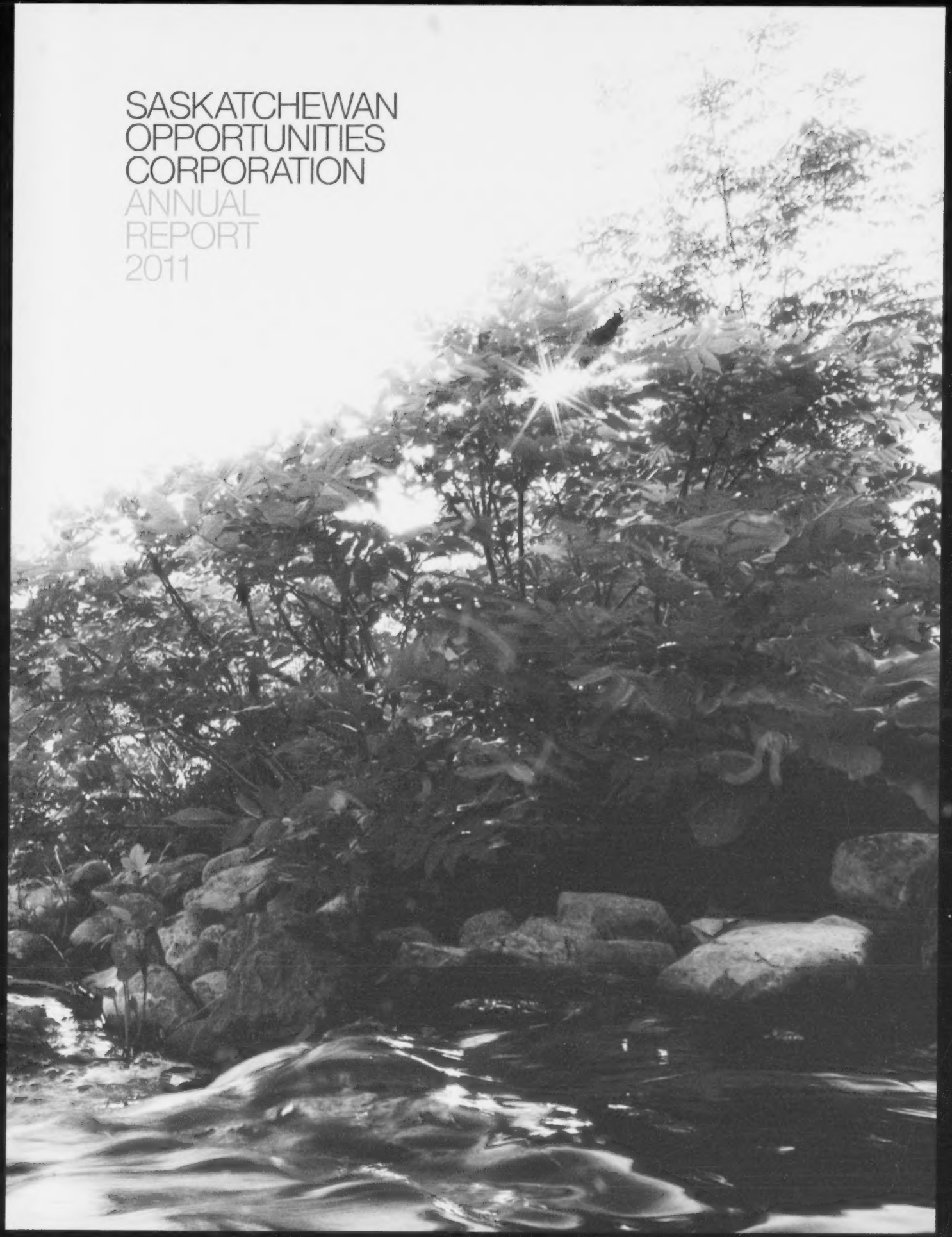
SASKATCHEWAN OPPORTUNITIES CORPORATION ANNUAL REPORT 2011



LETTER OF TRANSMITTAL

March 31, 2012

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M, S.V.M.,
Lieutenant Governor of Saskatchewan

Dear Madam:

I have the honour to submit the Annual Report of Saskatchewan Opportunities Corporation for the year ended December 31, 2011, including the financial statements duly certified in accordance with *The Saskatchewan Opportunities Corporation Act*.

Respectfully submitted,

Rob Norris
Minister Responsible for Saskatchewan Opportunities Corporation

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A MESSAGE TO OUR STAKEHOLDERS

In 1980, during a planning meeting for what was then the Saskatoon Research Park, management at the time decided to change the name of the new technology park to Innovation Place. That simple decision, made before the first tenant occupied space in Innovation Place facilities, has proven to possibly be the most important decision made in the history of our company. Not only did it clearly establish the core business of the new venture as support for innovation in the technology sector, it also created a name we work hard to live up to in the way we approach every aspect of our business.

Our commitment to innovation is seen in our sustainable building design and operations, earning us a national reputation as a leader in this area. Our innovative human resource practices have resulted in employee engagement levels that put us among the top employers in Canada. Our innovative relationship with our clients includes providing amenities and events for not only their employees but their families as well, creating a sense of community that results in over 99% client satisfaction. The innovative use of clients as ambassadors for the parks has resulted in an international reputation that creates a positive view of Saskatchewan in science circles around the world.

In 2011 the hard work of our employees resulted in 11 new technology companies commencing operations in Saskatchewan, 8 of them occurring as a result of entrepreneurs starting new companies and 3 were businesses from elsewhere in Canada that opened a new Saskatchewan location. In the last four years a total of 47 companies have either started their business at Innovation Place or established new Saskatchewan operations in the parks.

The hard work of our tenants resulted in careers for 5,200 people, direct economic impact of $906 million and most importantly, new health diagnostic products that will save lives, new crop varieties that will help feed a hungry world, environmental solutions that will make Saskatchewan a safer, healthier province and new systems that will improve efficiencies in health, energy, the environment and the forest sector.

For all these efforts we thank our management team, our employees and our tenants. For their leadership during the past year we thank our Minister, Rob Norris and our Board of Directors.

Arlene Wiks
Chair of the Board

Douglas Tastad
President and Chief Executive Officer

CORPORATE GOVERNANCE

Board of Directors

Arlene Wiks
Chair

Arlene Wiks is recently retired from CIBC where she spent 35 years in a variety of roles. At retirement she held the position of Associate Vice President, Small Business and Retail Banking responsible for branches in Regina and Saskatoon. Arlene holds a Certified Financial Planner Designation from the Canadian Institute of Financial Planners as well as an Administration Certificate from the University of Saskatchewan. Arlene has served on several boards over the years including Director of the Saskatoon and District Chamber of Commerce, Royal University Hospital Foundation and Junior Achievement. Arlene has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Mark Regier
Vice Chair and Chair, Audit & Finance Committee

Mark Regier has been with Saskatoon Prairieland Park Corporation for the past 21 years, 6 years as Controller and 15 years as Chief Executive Officer. He has received a Certified Fair Executive Designation from the International Association of Fairs & Exhibitions for his work in the fair industry. Mark is past President of the Canadian Association of Fairs & Exhibitions and past Chair of Tourism Saskatoon. He holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Certified Management Accountant (CMA). Mark has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

John Schmeiser
Chair, Human Resources & Governance Committee

John Schmeiser is the Executive Vice President and Chief Executive Officer of the Canada West Equipment Dealers Association, a role that he has held since 1996. John also serves as the Vice President of Canadian Government Affairs for the North American Equipment Dealers Association. He has been the Treasurer of the Canada Equipment Dealers Foundation since 1998, is the Chair of the Finance Committee for the Olds College Centennial Governance Board and is a Director of IRON Inc. He is Past Chairman of the Board for IRON Solutions L.L.C. and Past President of the North American Equipment Association Executives. John is a graduate of the University of Saskatchewan, the University of Arizona and Western Academy Broadcasting College. John has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Shauna Fjaagesund

Shauna Fjaagesund is a self employed entrepreneur from southwest Saskatchewan. She recently finished her term as the President of the Swift Current & District Chamber of Commerce. Shauna owns and manages residential housing and commercial farmland properties and has prior experience as a financial consultant, small business owner and biotech laboratory worker. Shauna has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Dr. Richard Florizone

Dr. Richard Florizone is the Vice President of Finance and Resources at the University of Saskatchewan. Originally from Prince Albert, Richard is a graduate of the University of Saskatchewan in Engineering and Physics and holds a Ph.D. in Nuclear Physics from the Massachusetts Institute of Technology. His previous work experience includes positions as a Director of Strategy for Bombardier Aerospace, Consultant and Project Leader for The Boston Consulting Group, and Senior Corporate Liaison Officer and Fundraising Consultant for Cambridge University. Richard has served on several boards over the years including the Canadian Light Source and the Waterloo Institute for Nanotechnology. In October 2008 he was asked by the Government of Saskatchewan to chair the Uranium Development Partnership.

David Button

David Button is the Vice President of Administration and Chief Financial Officer at the University of Regina. He is responsible for University logistics including Human Resources, Information Services, Risk Management, Ancillary Services, Financial Services, Resource Planning, Security and Facilities Management. David is a Professional Engineer, Planner and Project Management Professional. He has been at the University of Regina for 17 years; prior to that retired from the Military as a Lieutenant Colonel after almost 22 years of service as a Military Engineer. David is also Secretary/Treasurer and member of the Board of the Canadian Association of University Business Officers; Past-President and Board member of the Rocky Mountain Region of the Association of Higher Education Facilities Officers, a member of the International APPA Board (Washington, DC) and the Educational Facilities Professional Certification Board (Washington, DC). As Vice President Administration he is a resource to the University of Regina Board of Governors. He is a past board member for Wascana Centre Authority.

Tanya Thome
Secretary to the Board of Directors

Corporate Officers

Douglas Tastad
President and Chief Executive Officer

Douglas Tastad has held the position of President and Chief Executive Officer for Innovation Place since 2002. He has over 33 years experience with Innovation Place and was part of the management team in 1979 during the inception of the Saskatoon campus. He is currently Chair of the Meewasin Development Review Committee. Douglas has served on various business and community boards, including Saskatchewan Advanced Technology Association, Saskatchewan Association of Architects (community representative), University of Saskatchewan Technologies Inc. (UST) and the BIOTECanada Finance Committee. Douglas is an Honorary member of the Saskatchewan Association of Landscape Architects.

Charlene Callander
Vice President and Chief Financial Officer

Charlene Callander has held the position of Vice President and Chief Financial Officer for Innovation Place since 2006. Charlene joined Innovation Place in 2001 as the Corporate Comptroller; she was promoted to Executive Director, Accounting and Administration in 2003. Prior to joining Innovation Place, Charlene worked for the Provincial Auditor of Saskatchewan and worked as Assistant Director of the Integrated Financial Services Unit at Saskatchewan Health. An active member of her community, Charlene serves on the Board of the Saskatchewan Volleyball Association as President. She holds a Bachelor of Administration designation from the University of Regina and is a Chartered Accountant.

Ken Loeppky
Vice President and Chief Operating Officer

Ken Loeppky has held the position of Vice President and Chief Operating Officer for Innovation Place since 2008. Ken joined Innovation Place in 2000 as the General Manager of the Regina park. Prior to joining Innovation Place he worked as a Senior Property Manager at Harvard Developments Inc. and at Saskatchewan Housing Corporation. Ken has held executive board of director roles in the past with both the Real Estate Institute of Saskatchewan (REIS) and the Building Owners and Managers Association (BOMA) of Canada and is actively involved with the Real Estate Institute of Canada (REIC) Bylaws Committee.

Austin Beggs
Vice President, Corporate Relations

Austin Beggs has been Vice President, Corporate Relations for Innovation Place since 2008. Austin joined Innovation Place in 1980 and has held a variety of positions related to marketing, development and communications; he served as the first General Manager of the park in Regina. Austin is a past President of the Association of University Research Parks (AURP). He is currently a member of the International Association of Science Parks (IASP), a member of the Board of Directors for Bioindustrial Innovation Centre, a national Centre of Excellence in Sarnia, Ontario and is the Saskatchewan Chapter Chair for the Manning Innovation Awards.

Authority

Saskatchewan Opportunities Corporation (SOCO or the Corporation) is a Crown corporation governed by The Saskatchewan Opportunities Corporation Act, and subject to the provisions of The Crown Investments Corporation Act, 1993. The Crown Investments Corporation (CIC) oversees and manages a governance framework for SOCO that provides strategic direction and performance management and financial reporting. SOCO conducts its business under the operating name of Innovation Place.

Through the Chair, who is an independent director, the SOCO Board of Directors is accountable to the Minister Responsible for SOCO. The Minister functions as the key communications link between SOCO, CIC, Cabinet, the Legislature and the public.

Corporate Governance Practices

Crown Investments Corporation Chairs Forum has requested that Saskatchewan Crown corporations use the Canadian Securities Administrators (CSA) Corporate Governance Guidelines and Governance Disclosure Rules to standardize the reporting and benchmarking of governance practices. The CSA guidelines have superseded the Toronto Stock Exchange guidelines previously used.

Independence

The matter of "independence from management" is based upon the definition set by the Canadian Securities Administrators (CSA) and utilized by publicly traded companies in the industry. None of the directors have worked with or for SOCO, or have direct material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as directors and committee members or as directors of subsidiaries of the Corporation. While having no personal connections to SOCO, Mr. Button and Dr. Florizone are employed by the province's two universities, both of which have land leases with SOCO and at times are involved in other business arrangements with SOCO. Whenever issues concerning the universities arise in Board meetings, both members declare their potential conflicts and absent themselves if the Board judges a conflict to exist.

A standing agenda item for each Board and Committee meeting is a declaration of conflict of interest and an in-camera session without management present.

Key Accountabilities

The Board has a written Terms of Reference* that outlines the Board's principal duties and responsibilities, including the responsibility to function as stewards of the Corporation and to oversee the management of the affairs and business of the Corporation.

The Board discharges its responsibilities by delegation to management and through committees of the Board. The Board focuses on the strategic leadership of the Corporation while day to day operations are delegated to management, who is then held accountable for the Corporation's performance.

The Board has two committees: the Audit and Finance Committee and the Human Resources and Governance Committee. Both committees have written Terms of Reference* and have access to outside professional advisors if necessary.

Audit and Finance Committee

Members:

Mark Regier, Chair
Arlene Wiks
Dr. Richard Florizone
David Button

The Audit and Finance Committee is responsible for ensuring the adequacy and effectiveness of financial reporting by reviewing and recommending approval to the Board of all policies and procedures regarding SOCO's financial reporting, internal accounting, internal controls, management information, risk management and the internal and external audit.

Human Resources and Governance Committee

Members:

John Schmeiser, Chair
Arlene Wiks
Mark Regier
Shauna Fjaagesund

The Human Resources and Governance Committee is responsible for overseeing SOCO's human resource and governance processes and the quality of its corporate governance and reporting to the Board. The Committee undertakes deliberative and policy work on behalf of the Board and recommends decisions on all aspects of governance to the Board, when these decisions exceed delegated authority levels of management.

Board Appointments

The Lieutenant Governor in Council appoints members of the Board and designates the Chair. Directors are appointed for a fixed term and their appointments can be renewed at expiry. Appointments are governed by the CIC Board of Directors Appointment Policy, which ensures adherence to the principles of objectivity, inclusivity, transparency and consistency.

The Board, through the Human Resources and Governance Committee, annually reviews the composition and skill sets of directors to maintain an appropriate mix of expertise, experience and diversity on the Board to support the strategic direction of the Corporation.

* The following documents are available on the SOCO website at www.soco.sk.ca
- Board of Directors Terms of Reference
- Human Resources and Governance Committee Terms of Reference
- Audit and Finance Committee Terms of Reference

Conflict of Interest / Code of Conduct

Board members must comply with the CIC Directors' Code of Conduct** that was developed by CIC and applies to the directors of all its subsidiary Crown boards.

Officers and employees of the Corporation must comply with SOCO's Code of Conduct, which includes a conflict of interest and a whistleblowing policy. All employees, including Corporate Officers, are required to annually sign a declaration of compliance with key policy and procedure guidelines.

Orientation and Continuing Education

Management provides a comprehensive Reference Manual to each Board member and provides new members with an orientation session detailing the nature of SOCO's business. Management provides the directors with information sessions on technical aspects of the Corporation's business. The Board also participates in annual strategic planning sessions.

CIC provides annual professional development opportunities for directors of CIC subsidiary Crown boards, which focuses on the key roles and responsibilities of boards and best practices in corporate governance.

Board of Directors Meetings

There were four regular Board meetings held in 2011. Documentation and information for discussion and decisions at the meetings is provided by Management to the Board at least seven days in advance of each meeting.

Attendance

March 11	May 11	August 18	November 1	
●	●	●	●	Arlene Wiks, Chair
●	●	●	●	Mark Regier
	●	●	●	John Schmeiser
●	●	●	●	Shauna Fjaagesund
●	●	●	●	Richard Florizone
●	●	●	●	David Button

Board Remuneration

The Remuneration Schedule and Expense Guidelines for the Board of Directors are approved by the Crown Management Board and set out as follows:

Chair Retainer
$10,000

Member Retainer
$7,000

Chair Meeting Fee
$600

Committee Chair Meeting Fee
$550

Member Meeting Fee
$500

Total remuneration paid to the Board of Directors in 2011 was $92,700.

** A copy of the Directors' Code of Conduct can be obtained by contacting Crown Investments Corporation

Management Remuneration

The Corporate Officers are compensated in accordance with CIC's Crown Executive Compensation Policy, Procedures and Guidelines.

The Crown sector is committed to a "total compensation" perspective, which includes a base salary, benefits and pension, and a short term incentive bonus. The short term incentive payments are based on performance objectives approved by the Board of Directors. These performance objectives are a combination of Corporate objectives and personal objectives. Corporate objectives represent 75% of the available incentive payments for Vice Presidents and 85% for the President.

In 2011 the total compensation paid to the Corporate Officers was $713,781.

STRATEGIC DIRECTION

Crown Investments Corporation has provided all Crown corporations with an outline of the government's policy objectives and priorities. It has also set out the mandated categories for each corporation's balanced scorecard. The Board has provided further direction to management through their approval of a corporate vision, values and broad goals specific to SOCO. The Business Strategy contained in this document is subject to annual review and monitoring by the SOCO Board.

Mission

To support the growth and success of the Saskatchewan technology sector through the development and operation of research parks.

SOCO's mission affects the Corporation's future in the following way:

- To compete internationally, Saskatchewan companies and institutions need research infrastructure equal in quality to their competitors and an attractive work environment that supports their recruitment and marketing efforts.

Vision

Saskatchewan's research parks will be the best in the world.

Tenants of the research parks compete in a world wide marketplace for employees, investors and clients. To adequately support them, Innovation Place must be prepared to compete with the best alternative locations throughout the world.

The Corporation's vision is intended to inspire its employees towards excellence in their everyday work and it is intended to act as a lens through which they make decisions. The vision affects every part of the Corporation's operations, administration and development.

Values

Innovation Place fully subscribes to the mandated Crown sector values of honesty, integrity, fairness and respect, and social and environmental responsibility. In addition, the following values have naturally grown within Innovation Place and differentiate us from others in our industry:

Innovation

Leadership in the introduction of new solutions in design, operations and sustainability.

Collaboration

Open and accountable in all our partnerships.

Excellence

The pursuit of quality beyond competence and efficiency to create an attractive and livable work environment for our clients.

Balanced Scorecard

Crown Investments Corporation provides all Crown corporations with clear direction for establishing long term planning. Corporate objectives, measures and targets are established for the required categories of Public Purpose, Stakeholders, Financial and Innovation. The Balanced Scorecard is used to measure and report performance and results for these goals.

Public Purpose

Grow Saskatchewan's technology sector by contributing to the growth of the parks' clients, supporting the establishment of new technology companies and attracting new science and technology activity to the province.

Objective	Job Creation	
Measure	1.	Employment growth within Innovation Place
	2.	Independent analysis of the economic impact of Innovation Place clients
	3.	Number of clients locating from outside the province
	4.	Number of new start-up companies locating at Innovation Place

Stakeholders

Make it easy for all stakeholders to successfully accomplish their objectives in an environment of fairness, transparency and well being.

Objective	Support from Ownership	
Measure	5.	Percentage of general public aware of and have a positive opinion of Innovation Place
Objective	Client Satisfaction	
Measure	6.	Percentage of CEOs that would recommend Innovation Place to another organization
Objective	Productive Workforce	
Measure	7.	Percentage of employees fully engaged in their work
	8.	Percentage of annual gross salaries devoted to employee training

Financial

Maintain profitability at a level that supports the success of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our clients.

Objective	Return on Investment	
Measure	9.	Cash return as a percentage of cost of assets
	10.	Vacancy as a percentage of total space inventory
Objective	Sustainable Financial Position	
Measure	11.	Debt as compared to equity

Objective	Operating Efficiency	
Measure	12	Corporate Administration as a percentage of revenue
	13.	Building operating cash flow per square foot

Innovation

Through our efforts and by the example we set, enhance the performance of our industry, our environment and the people we serve.

Objective	Sustainability	
Measure	14.	Attain 'BOMA BEST' average points per building

Objective	Social Responsibility	
Measure	15.	Sponsorships as a percentage of net income

Objective	Representative Workforce	
Measure	16a.	Percentage of employees who are Aboriginal
	16b.	Percentage of employees who are female and in senior management positions
	16c.	Percentage of employees with a disability
	16d.	Percentage of employees who are a visible minority
	16e.	Percentage of total employment at the research parks under 35 years of age

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following management discussion and analysis for Saskatchewan Opportunities Corporation should be read in conjunction with the audited consolidated financial statements and notes to those statements for the year ended December 31, 2011. What follows will provide the context within which the Corporation's financial statements should be analyzed.

Forward Looking Information

This discussion includes forward looking statements about SOCO's corporate direction and financial objectives. Due to the risks and uncertainties inherent in any forecast, the actual results could differ materially from those anticipated.

Corporate Overview

SOCO operates under the business name Innovation Place. The corporate mission is to support the growth and success of Saskatchewan's technology sector. Innovation Place fulfills this mission through the development and operation of technology parks on the campuses of the province's two universities in Saskatoon and Regina, as well as a forest sector building in downtown Prince Albert.

The Saskatoon campus began operations in 1980 and presently is home to 135 tenants that occupy approximately 1.2 million square feet in 17 separate buildings. The Regina campus, opened in 2000, consists of 5 buildings housing 35 tenants and totaling approximately 400,000 square feet. The building in Prince Albert, opened in 2004, is 115,000 square feet and accommodates 18 tenants. The number of people working in Innovation Place facilities totals more than 5,000, spread proportionately through the three locations.

Core Business

Innovation Place manages specialized buildings primarily for technology companies and the service organizations that support them. Building specialization includes research greenhouses, laboratory buildings and industrial pilot plants. Specialized infrastructure includes laboratory utilities such as pure water and steam, process utilities such as high pressure steam and chilled water as well as a high performance data network.

Revenue is generated from leasing space in these buildings to a wide range of tenants that support each other's success. A typical lease arrangement would include a five year term with fixed revenue, adjusted annually for any increase in operating costs. Typical vacancy within buildings is approximately five percent. Major categories of operating costs include utilities, municipal property taxes, building and grounds maintenance and corporate administration. In general, both revenue and expenses are not subject to rapid change. Profitability is tightly linked to local real estate market conditions.

Bio Processing Centre

Innovation Place operates the Bio Processing Centre, a contract processing centre in Saskatoon. It extracts high value compounds from plant material, primarily for cosmetic and specialized food purposes. Since 2000, approximately 20 Saskatchewan companies have used the Bio Processing Centre for their processing requirements as have a similar number from outside the province.

Organization

The Corporation is organized into three divisions, Corporate Relations, Finance and Administration and Research Park Operations.

The Corporate Relations division is responsible for Human Resource Management, Communications and Brand Management.

The Finance and Administration division is responsible for risk management, financial reporting and accounting as well as information technology.

The Research Park Operations division includes four departments: Technical Operations, responsible for maintenance of buildings, the delivery of certain technical services to tenants and the operation of a central heating and cooling plant in Saskatoon; Marketing, responsible for long term market development and leasing; Property Management, responsible for tenant relations and lease administration; and Project Management, responsible for the management of construction projects.

Boffins Food Services and the Bio Processing Centre report directly to the president's office.

Strategy

A diverse mix of technology and service tenants, a dynamic social atmosphere and high quality facilities work together to create a community that encourages interaction, collaboration and success. Tenant diversity is achieved by bringing together private and public, large and small, local and international organizations. An appropriate tenant mix is ensured by the approval process for prospective tenants. The Regina and Saskatoon parks each have an independent committee comprised of representatives from the local business community, university and municipal government; these committees review and approve all tenants that locate within park facilities.

The primary target for tenants is Saskatchewan based, private technology companies. These companies are judged by management to have the greatest opportunity for employment growth and will display the strongest ongoing loyalty to Innovation Place and the province. Secondary targets include business and technical service organizations, research institutes and national and international technology companies.

The interaction of clients, important for productive collaboration, is enabled through active programming including the organization of social events, business seminars, sports leagues and tournaments. Fitness facilities, games rooms, yoga and pilates classes all contribute to interaction. Buildings and grounds offer multiple opportunities for informal interaction.

Innovation Place provides its clients with a superior working environment that contributes directly to their productivity. A long term commitment to sustainable buildings provides tenants with superior air quality, low levels of off-gassing from building materials and enhanced access to daylight. The quality of the environment is not only intended to enhance operating efficiency and tenant innovation but to assist tenants in employee recruitment and corporate marketing. Beautifully landscaped grounds, large attractive public spaces in buildings and a wide variety of amenities create an appealing setting for tenant's employees, clients and investors.

Marketing objectives are somewhat non traditional due to the fact that a client's potential for future growth is as important as their present size. The impact they will have on attracting other clients can be critical. Potential clients that are not interested in locating in the parks immediately, but may be in the future, are also important.

Marketing strategy is primarily based on the quality of the environment available to tenants and the reputation of the parks locally and internationally. A commitment to sustainable development evidenced by Leadership in Energy and Environmental Design® (LEED) certification of buildings and BOMA BESt certification of building operations contributes to that reputation. Active participation in industry associations and the resulting recognition add credibility to the Innovation Place brand. Traditional advertising and promotion are not used to market the parks. Relationships with provincial and municipal economic development agencies extend the marketing reach of the parks beyond the borders of the province. Park tenants are used as ambassadors for the parks to capitalize on their international science contacts.

Innovation Place gathers feedback from clients, both CEOs and general tenant population, in quantitative and qualitative ways. Quantitatively, the CEOs and general tenant population are invited to participate in annual customer satisfaction surveys, and qualitatively the CEOs are invited to participate in meetings to allow a face to face discussion with a senior Innovation Place manager. Innovation Place also annually surveys the Saskatchewan general population to determine brand recognition and support. The results of these communications guide management planning.

Keys to Success

Client Satisfaction

Historically the majority of demand for space has come from the growth of existing clients. Client satisfaction is therefore a key indicator of future demand. Considering the valuable role existing clients have in assisting Innovation Place attract new tenants, client satisfaction becomes doubly important. Client satisfaction is substantially impacted by the performance of the employees of Innovation Place.

Demand

The mission for Innovation Place is to support the growth of the technology sector through the development and operation of the province's research parks. The single biggest key to success in meeting that mission is the level of demand for space from existing and new tenants. When demand exists it validates the operational and marketing strategies employed by Innovation Place.

Encouraging and Supporting New Companies

Providing a good first home for start-up companies is critical to the future success of those companies, the parks and the province. There are presently over 66 technology companies operating in Saskatchewan that began their business life in Innovation Place facilities. Twenty-three of these companies have chosen to move to other locations in the province. These companies generally moved to new locations because their business evolved towards a more industrial nature, requiring more warehousing or manufacturing space that didn't match with the environment in Innovation Place. The more than 40 companies that remain as tenants in the parks have stayed because the parks continue to meet their needs for specialized space or relationships with other tenants. In total, all these companies that started their business life in Innovation Place employ over 1,500 people in Saskatchewan. Attracting, encouraging and supporting new start-up companies will contribute to meeting the Innovation Place mission and enhancing revenues in the future.

Attraction of Companies from Outside Saskatchewan

Attracting companies from other jurisdictions to Saskatchewan can contribute substantial new economic activity to the province. Approximately 25% of Innovation Place clients have head offices outside of Saskatchewan. Proactive marketing to this potential market would be expensive with little guarantee of success. Past success has generally been a result of the reputation of Innovation Place, pointing out the importance of maintaining and enhancing that image as a high quality and progressive location for technology companies.

Rental Rates

The primary components of financial performance in the core business of Innovation Place are rental rates, operating costs in buildings and vacancy levels. Rental rates are impacted by broader market conditions in the cities of Prince Albert, Saskatoon and Regina as well as demand for space in the parks themselves. Administrative operating efficiency also affects financial performance.

Utilization of the Bio Processing Centre

The Bio Processing Centre has fundamentally different financial dynamics than real estate as contracts are measured in terms of days rather than years and the industry is subject to substantial fluctuations based on changing markets for the processed products. Fluctuations also occur due to the relatively early stage of business maturity typical of most Bio Processing Centre clients. As most expenses are fixed, financial performance is greatly affected by the utilization rate of the Bio Processing Centre and the margins of each process.

Capability to Deliver Success

Rental Space Inventory

At year end the overall vacancy level for Innovation Place facilities stood at 2.79%. With success defined as accommodating the growth of employees in the parks, the capability to be successful in the short to medium term could be affected by issues relating to space utilization.

Management will continue to evaluate all means by which Innovation Place can support the success of existing and appropriate future clients.

Financial

Based on current performance Innovation Place has the financial resources to meet all the capital investment requirements to maintain existing buildings at their present high level of quality. The financial resources are also available to support the leasing of the remaining vacant space.

Human Resources

At the present level, Innovation Place employees have the capacity to manage all of the operating and development requirements of the company. Executive management is experienced with the four officers of the company averaging 20 years experience with Innovation Place. The average age of employees, however, is younger than the general workforce in Saskatchewan. There is relatively even distribution of ages throughout the corporation.

Senior leaders in the technical areas of Finance and Administration, the Bio Processing Centre and the Project Management department have appropriate professional designations. Most operating employees in the technical areas have trade certification or equivalent. Property Management employees either have national industry designations (CPM and RPA) or are enrolled in the designation training program.

Employees have been active in industry associations serving at various times as president of the Association of University Research Parks (AURP) international board, member of the Canadian board of AURP, president of the Building Owners and Managers Association (BOMA) Canada, member of the BOMA international board, member of the Saskatchewan Association of Architects Council, president of the Real Estate Institute of Saskatchewan and committee member of the Real Estate Institute of Canada.

Innovation Place employees all work within a strong and supportive policy framework that includes, among others, policies on Code of Conduct, Conflict of Interest, Whistleblower, Non Disclosure and Harassment.

Technical Resources

Financial and operating computer and software systems have the capacity to meet foreseeable growth. Business system hardware and software and park network hardware and software are upgraded on a regular basis. All building management and control systems are monitored 24 hours a day by Innovation Place employees. These state of the art systems ensure employee comfort while maximizing the efficient operation of buildings. Building security systems are also monitored 24 hours a day by Innovation Place employees. All tenant suites and building exteriors are monitored by the electronic security system at all three locations. The security system includes video camera monitoring of key locations.

Results

Public Purpose

Job Creation

1. Employment growth within Innovation Place

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
109	65	100	66	61

2. Independent analysis of the economic impact of Innovation Place clients

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
$939M	$905.83M	$961M	$973M	$984M

3. Number of clients locating from outside the province

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
3	3	3	3	3

4. Number of new start-up companies locating at Innovation Place

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
6	8	6	6	6

Growth in the number of employees in Innovation Place facilities slowed substantially in 2011.

Not surprisingly the low growth level affected the direct economic impact of tenants on the economy of the province, which actually dipped by a little more than 1%. This dip resulted from slightly lower provincial purchases by park tenants. Considering the 5,000 people working within the parks the impact numbers show each job contributing close to $200,000 to the economy indicating the quality of the careers at Innovation Place is as important as the quantity. The methodology involved in the survey determines the net local payroll plus the goods and services purchased within the province by all tenants and then uses a modest multiplier of 1.4.

There were three out of province companies that established a new Saskatchewan presence in Innovation Place facilities during 2011. As well, eight start-up companies located in park buildings.

Stakeholders

Support from Ownership

5. Percentage of general public aware of and have a positive opinion of Innovation Place

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
98%	98.18%	98%	98%	98%

Support from the general public is an important leading indicator of shareholder support. As a provincial Crown corporation, Innovation Place is accountable to all residents of the province. This measure is based on a survey of the general provincial population. Respondents are first asked if they are aware of Innovation Place, then if they have a positive or negative opinion. They are given the option of saying they have no opinion. The positive opinions are then compared to the negative opinions. Two-thirds of people surveyed were aware of Innovation Place. Of those 60% had an opinion and almost all of those were positive (98.18%).

Client Satisfaction

6. Percentage of CEOs that would recommend Innovation Place to another organization

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
98%	99.2%	98%	98%	98%

Client satisfaction remains high at over 99%. To establish satisfaction levels client CEOs are asked if they would recommend Innovation Place as a location to colleague companies. This high rating reflects both the quality of facilities and the quality of operations. Specific examples include the timeliness of maintenance response, the availability of specialized services on site, the specialized nature of the facilities and the active social environment. The attractiveness of the physical environment and the park amenities also contribute to client satisfaction by assisting client's marketing and recruitment efforts. The near perfect rating is gratifying to management considering it comes during a period of fairly rapid increases in rental rates.

Productive Workforce

7. Percentage of employees fully engaged in their work

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
70%	83%	75%	75%	75%

8. Percentage of annual gross salaries devoted to employee training

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
3.00%	2.34%	2.5%	2.5%	2.5%

Innovation Place employees are obviously a key stakeholder for the Corporation. Employee engagement rose by 10% in 2011 from 73% to 83%. The 2011 result reflects the commitment management has made to reverse that trend. The 83% engagement level places Innovation Place in the top 50 small and medium employers in Canada.

Financial

2011 marks the first year the Corporation is following International Financial Reporting Standards (IFRS). The movement away from Canadian General Accepted Accounting Principles (GAAP) had little change on the financial statement of Innovation Place with the net impact to retained earnings on conversion only being a reduction of $0.7 million.

Building and infrastructure ownership that was previously transferred to the executive government in 2004 was returned to Innovation Place in 2011. This allows the Statement of Financial Position to fully reflect all the assets managed and maintained by Innovation Place. The full costs of assets managed by Innovation Place has always been included in the calculation for cash return as a percentage of costs of assets, as such this transfer did not impact the results. The only impact of the transfer is an increase in assets and amortization.

2011 was a financially strong year for Innovation Place compared to 2010 with revenues increasing 9.9% and operating cash flows increasing 23.5%.

Earnings of $4.6 million in 2011 decreased $1.5 million from 2010. This decrease can be mainly attributed to the increased amortization expense from the transferred assets. Excluding the impact of increased amortization, earnings increased $1.8 million.

Overall revenue of $39.7 million is up $3.6 million from $36.1 million reported in 2010. The core rental operations remain strong with revenue increasing $4.1 million in 2011 due to increased rental rates and increases in related service revenue. Utilization of the Bio Processing Centre decreased in 2011 resulting in a $0.4 million decrease in revenue from 2010.

Expenses of $33.5 million increased $5.0 million from $28.5 million in 2010. Rental operations expense increased $5.2 million from the prior year with increased amortization accounting for $3.3 million of this increase. Also reflected in the increase are increased asset impairment losses of $0.5 million and general increases in operating expenses. Bio Processing expenses decreased $0.2 million from 2010 due to the decrease in processing activity.

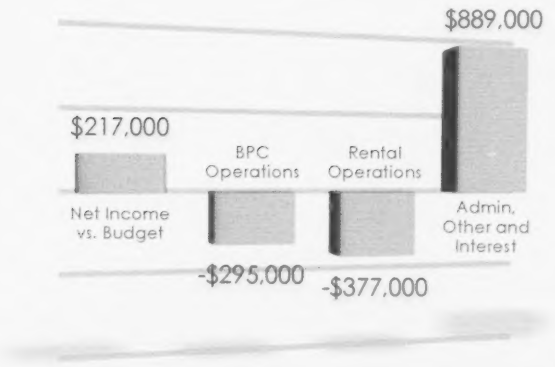
Net financing costs increased $0.1 million from 2010 due to conversion of short term debt to long term debt during 2010.

A 2011 focus of resources to maintain buildings and infrastructure led to an investment in capital assets of $8.2 million increasing $4.7 million from 2010.

Due to less capital investment and increase in operating cash flows, no new debt was required resulting in total debt outstanding at year end of $36.7 million, unchanged from the prior year.

Comparison of 2011 Results with 2011 Budget

	2011 Actual	2011 Budget	Variance
Revenue	$39.7M	$40.4M	($0.7M)
Expenses	$33.5M	$34.3M	($0.8M)
Net Finance Income	$1.5M	$1.7M	($0.2M)
Net Income	$4.6M	$4.4M	$0.2M
Total Assets	$191.0M	$195.6M	($4.6M)
Total Debt	$36.7M	$44.3M	($7.6M)
Operating Cash Flow	$12.9M	$12.0M	$0.9M
Total Capital Investment	$8.2M	$15.5M	($7.3M)



Net income is $4.6 million, representing a $0.2 million favourable variance from budget.

The core business of leasing space, maintaining buildings and infrastructure, and providing a social environment for the science and technology sector was $0.4 million below budget with a net income of $11.2 million. Due to the high demand for space and low vacancy rates, revenue budgets are comparable to actual results with the exception of recovery revenue which was lower due to lower recoverable building costs. Non recoverable building costs were higher than budget due mainly to the impairment loss recorded on building design costs (impairment loss is recognized as the Corporation is not currently intending on proceeding with construction of these buildings) and higher than budgeted bad debts. Operating cash flows per building were on budget.

The Bio Processing Centre operations (excluding related administrative expenses) resulted in a $0.2 million net loss ($0.3 million unfavourable variance to budget). Although, employee changes were made to reduce expenses by $0.2 million the financial results were below budget. The main reasons for the reduction of revenue is due to the changing needs and circumstances of clients.
The remaining revenue and administration expenses had a $0.9 million favourable variance compared to budget with a net loss of $6.5 million due mainly to the timing of filling vacant positions. The cost of training was below budget despite having an average of seven training days per employee. The majority of corporate training costs related to Investment in Excellence training which led to an increase in employee engagement of 10%.

The investment in capital totaled $8.2 million representing $7.3 million below budget due to a variety of reasons including the wet spring, tendering processes and various other management issues. Less capital resulted in more cash available at year end and less debt borrowed during the year.

The December 31, 2011 cash balance is $7.9 million representing a $5.2 million increase from budget. The Corporation generated $14.3 million of cash from operating activities; this represents a $1.9 million increase from budget.

Although investing activities was below budget, it was partially offset by the reduction in financing activities netting a cash increase of $0.7 million compared to budget. Cash at the beginning of the period was $2.6 million ahead of budget.

Return on Investment

9. Cash return as a percentage of cost of assets

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
4.79%	5.07%	5.04%	5.12%	5.00%

10. Vacancy as a percentage of total space inventory

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
3.00%	2.79%	2.4%	2.1%	1.9%

Cash from operations as a percentage of the original cost of assets is used as the primary measurement of financial performance because it is not impacted by internal accounting or financing policies. It is also easily compared to other real estate companies. Cash from operations consists of earnings before interest and amortization.

Cash from operations for 2011 exceeded the budget target for the year by .28% and was .83% higher than in 2010, an improvement of 20% year over year.

Vacancy levels continued to drop.

Sustainable Financial Position

11. Debt as compared to equity

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
22.64%	17.18%	16.03%	12.72%	9.32%

The debt to equity ratio for 2011 was lower than budgeted due to a lower than anticipated level of borrowing.

Operating Efficiency

12. Corporate administration as a percentage of revenue

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
14.48%	12.86%	14.66%	14.70%	14.95%

13. Building operating cash flow per square foot

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
$11.61	$10.63	$11.53	$11.66	$11.70

Operating efficiency continues to improve as revenue increases at a faster pace than administrative expenses. Operating cash flow per gross square foot increased by 12% reflecting the strength of the Saskatchewan economy and the impact that strength is having on real estate markets.

Innovation

Sustainability

14. Attain 'BOMA BESt' average points per building

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
831	835	839	839	839

BOMA BESt measures the sustainability of building operations including waste management, energy and water usage. Buildings are rated every three years providing management the incentive to continually look for improvements in sustainability. Only approximately 20% of all buildings rated in Canada receive a rating above 800. The average rating of buildings in Innovation Place improved by 17 points to 835.

Social Responsibility

15. Sponsorships as a percentage of net income

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
1.00%	2.17%	1.00%	1.00%	1.00%

Imagine Canada, a not for profit organization encouraging corporate responsibility, has set a rule of thumb of 1% of net profit as a reasonable investment for corporations in community development. Innovation Place generally follows this advice. All our community investment is intended to have some connection with our business strategy and corporate objective. Most initiatives encourage or support our diversity target groups with a particular emphasis on science and entrepreneurship. The high level of investment for 2011 is primarily a result of a substantial sponsorship of an information technology sector incubator in downtown Saskatoon operated by Ideas Inc, a local not for profit organization that supports new business start-ups. A substantial sponsorship for the Association of University Research Parks, Canada also occurred during 2011.

Representative Workforce

16a. Percentage of employees who are Aboriginal

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
9%	6%	6%	7%	8%

16b. Percentage of employees who are female and in senior management positions

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
33%	31%	17%	23%	23%

16c. Percentage of employees with a disability

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
6%	4%	6%	6%	6%

16d. Percentage of employees who are a visible minority

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
4%	4%	4%	4%	4%

16e. Percentage of total employment at the research parks under 35 years of age

2011 Target	2011 Actual	2012 Target	2013 Target	2014 Target
35%	34.9%	35%	35%	35%

2011 was a year where the efforts of Innovation Place to gain greater employee diversity suffered a series of setbacks. The relatively small size of the corporation's employees meant that losing a small number of people in targeted diversity categories resulted in a significant impact on the diversity targets. The extremely tight labour market in Saskatchewan makes maintaining and growing the numbers of employees in the targeted groups a very competitive process.

Outlook

Rental Rates

Renewal rates have increased at a steady but reasonable rate over the last few years and Innovation Place rates have kept pace or slightly exceeded those in the general market place in both Saskatoon and Regina. Rates in Regina are slightly higher than Saskatoon. Renewal rates for office space in both cities exceed $35 per square foot including occupancy costs. The upward trend in rates appears as if it will continue. Rates for new space in the city centres exceed $40 gross rental amount per square foot in both cities with Regina rates modestly higher than Saskatoon's. The substantial gap between renewal rates and rates for new space should keep upward pressure on rates at the time of renewal.

Demand

Demand for space remains high for Innovation Place facilities, particularly in Saskatoon.

Financial

Core real estate operations will remain stable and strong through the next three to four years. Extremely low levels of vacancy together with continued increases in lease rates at the time of lease renewals will provide increasingly positive revenue growth during this period. The focus of management during this period will be expense control and enhancing the economic value of existing assets.

Risk

Definition

Innovation Place considers risks as those factors that may inhibit the ability to meet the Corporate mission as measured by the strategic objectives outlined in our Performance Management Plan. These risk factors include utilization of the Bio Processing Centre, lack of available space, demand for space, occupancy levels in existing buildings, construction costs and interest rates.

Likelihood

Management has defined the likelihood of a risk event occurring as low (less than 25% likelihood), medium (between 25% and 75% likelihood) and high (greater than 75% likelihood).

Impact

Innovation Place has currently defined the impact of a risk event as follows:

Personal Property Damage or Liability

Minor	• First aid treatment • Loss of asset < $10uK • Temporary environmental effect
Moderate	• Serious Injury • Loss of Asset(s) $100K to $1M • Some environmental damage
Severe	• Death • Loss of major asset > $1M • Serious environmental damage

Cost, Schedule or Operations Effects

Minor	• < $100K capital cost variance • < 3 months construction delay • Operating cash flow variance +/- < 5%
Moderate	• $100K to $250K capital cost variance • 3 to 6 months construction delay • Operating cash flow variance +/- >5% and < 25%
Severe	• > $500K capital cost variance • > 6 months construction delay • Operating cash flow variance +/- > 25%

Performance of Reputational Loss

Minor	• Setback in building trust in client group • Some unfavourable media attention
Moderate	• Some loss of a client group trust • Negative media attention
Severe	• Failure of acceptance • Significant loss of client trust • Public outcry for resignation / policy change

Key Risk Factors Affecting Performance

Management has identified the primary risk for the Corporation as a lack of available leasable space to meet the needs of existing and future tenants as it directly affects our ability to fulfill our mission. Management is considering new strategies to address this issue.

The next significant risk is the underutilization of the Bio Processing Centre. The volatile demand for services and the fixed expenses results in fluctuating financial results. Management will continue to consider options to increase utilization and reduce expenses.

Management is in the process of developing an asset management plan to ensure existing assets extend their useful life and retain value to support lease rates. As the amount of maintenance increases in the future this risk will become more of a concern and management will develop strategies to address maintenance plans and associated costs.

Enterprise Risk Management

Throughout 2011 management assessed several risk management systems to assist with the storage, analysis and management of information. A system was selected that is capable of supporting both risk management processes and the information required to annually report on CEO / CFO certification. The system was customized to meet the needs of Innovation Place during 2011. Management will be trained on the system and corresponding processes during 2012. Reporting from this system will begin in 2012.

Accountability of Controls

External Audit

The Corporation's annual financial statements are audited by an independent auditor. The external auditor is appointed by Order-in-Council, with the appointment typically reviewed every five years. Due to the implementation of the International Financial Reporting Standards in 2011, the current external auditor, Deloitte & Touche LLP, was granted a sixth year to complete the audit.

The Provincial Auditor Act gives the Provincial Auditor the responsibility, authority and independence to audit and publicly report on all government organizations. As such, the external auditor coordinates the involvement of the Provincial Auditor in the Corporation's audit. The coordination of the audit is conducted in accordance with the recommendation of the Task Force on the Roles, Responsibilities and Duties of Auditors, which recommends various protocols.

Internal Audit

In June 2006, an internal audit function was established at Crown Investments Corporation to assist in providing an independent, objective view of the effectiveness of internal controls for Crown corporations who do not have the resources to support an internal audit department.

The internal audit employees are employed by Crown Investments Corporation and their offices are also located there. An Internal Audit Charter was presented to the Audit and Finance Committee and subsequently approved by the Board of Directors on August 27, 2008. The Charter outlines the purpose, authority, reporting structure and responsibilities of internal audit activity.

MANAGEMENT'S RESPONSIBILITY AND CERTIFICATION

The preparation and presentation of the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation are the responsibility of and have been prepared by corporate management in accordance with International Financial Reporting Standards. These consolidated financial statements necessarily include amounts based on informed judgment and management's estimates. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting and has assessed the effectiveness of those controls as of December 31, 2011. Based on this evaluation management concludes the following:

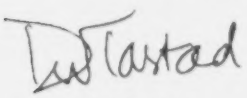
I, Douglas Tastad, the Chief Executive Officer of Saskatchewan Opportunities Corporation, and I, Charlene Callander, the Chief Financial Officer of Saskatchewan Opportunities Corporation, certify:

- that we have reviewed the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial position, results of operations and cash flows, as of December 31, 2011;
- that based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made;
- that Saskatchewan Opportunities Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Saskatchewan Opportunities Corporation has designed internal controls over financial reporting that are appropriate to the circumstances of Saskatchewan Opportunities Corporation; and
- that Saskatchewan Opportunities Corporation conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Saskatchewan Opportunities Corporation can provide reasonable assurance that internal controls over financial reporting as of December 31, 2011 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

The Corporation's independent auditor, Deloitte & Touche LLP, have been appointed external auditor by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan. Deloitte & Touche LLP has examined the financial statements of Saskatchewan Opportunities Corporation. The scope of their examination and their opinion on whether these financial statements present fairly the financial position and operating results of Saskatchewan Opportunities Corporation are given in their Auditor's Report.

In an effort to discharge its statutory responsibilities which are outlined in *The Provincial Auditor Act*, the Provincial Auditor relies on the work of Deloitte and Touche LLP. The Provincial Auditor and Deloitte & Touche LLP work together at all stages of the audit. The Provincial Auditor is responsible to report to the Legislative Assembly an opinion on the effectiveness of internal controls, compliance with governing authorities and the reliability of the financial statements.

The Audit and Finance Committee, composed of members of the Board of Directors, meets periodically with the financial officers of the Corporation, the external auditor and the Provincial Auditor to discuss the audit plan, audit results and the opinion on the adequacy of the financial reporting, corresponding internal controls and compliance with governing authorities. Both Deloitte and Touche LLP and the Provincial Auditor have the opportunity to meet with the Audit and Finance Committee without management present. The Audit and Finance Committee has reviewed these financial statements with management and the auditor. The Audit and Finance Committee recommended the Board approve these financial statements. The Board of Directors has reviewed and approved these financial statements.



Douglas Tastad
President and Chief Executive Officer

Charlene Callander
Vice President and Chief Financial Officer

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saskatchewan Opportunities Corporation as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years then ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Deloitte & Touche LLP

Chartered Accountants
March 16, 2012
Regina, Saskatchewan

FINANCIAL REPORT

Consolidated Statement of Comprehensive Income

(in thousands)

	Note	Year ended December 31, 2011	Year ended December 31, 2010
Revenue			
Rental		$ 37,802	$ 33,661
Bio Processing		1,509	1,940
Other		367	499
		39,678	36,100
Expenses			
Administration		$ 5,268	$ 5,327
Rental operations		26,565	21,353
Bio Processing operations		1,703	1,868
		33,536	28,548
Results before the following		6,142	7,552
Finance income	4	194	87
Finance expenses	4	(1,740)	(1,503)
Net Finance Income (Expense)		(1,546)	(1,416)
Net Income and Total Comprehensive Income		$ 4,596	$ 6,136

(see accompanying notes)

On behalf of the Board,

Arlene Wiks
Chair

Mark Regier
Director

Consolidated Statement of Financial Position

(in thousands)

	Note	At December 31, 2011	At December 31, 2010	At January 1, 2010
Assets				
Current				
Cash and cash equivalents	5	$ 7,849	$ 6,325	$ 6,467
Trade and other receivables	6	2,569	4,748	3,598
Inventory		226	206	262
Prepaid expenses		6	-	-
		10,650	11,279	10,327
Trade and other receivables	6	1,163	-	-
Property, plant and equipment	7	2,670	1,599	1,778
Investment property	8	174,789	53,724	52,935
Debt retirement fund	9	967	506	242
Other assets	10	775	381	432
		$ 191,014	$ 67,489	$ 65,714
Liabilities and Province's Equity				
Current				
Trade and other payables	11	$ 4,814	$ 4,258	$ 4,134
Notes payable		-	-	11,099
Dividends payable		-	2,250	-
Deferred revenue		737	801	437
		5,551	7,309	15,670
Long term debt	13	36,684	36,684	23,684
		42,235	43,993	39,354
Province of Saskatchewan's Equity				
Retained earnings		28,092	23,496	26,360
Equity advances	14	120,687	-	-
		148,779	23,496	26,360
		$ 191,014	$ 67,489	$ 65,714

(see accompanying notes)

Consolidated Statement of Changes in Equity

(in thousands)

	Equity Advances	Retained Earnings	Total Equity
Balance at January 1, 2010	$ -	$ 26,360	$ 26,360
Net income and total comprehensive income	-	6,136	6,136
Dividends declared	-	(9,000)	(9,000)
Balance at December 31, 2010	-	23,496	23,496
Net income and total comprehensive income	-	4,596	4,596
Transfers	120,687	-	120,687
Balance at December 31, 2011	$ 120,687	$ 28,092	$ 148,779

(see accompanying notes)

Consolidated Statement of Cash Flows

(in thousands)

	Note	Year ended December 31, 2011	Year ended December 31, 2010
Operating Activities			
Net income		$ 4,596	$ 6,136
Non-cash adjustments:			
Amortization of property, plant and equipment		432	515
Amortization of investment property		5,488	2,142
Gain on disposal of property, plant and equipment		(15)	-
Loss on disposal of investment property		123	-
Investment property impairment provision		691	207
Finance income	4	(194)	(87)
Finance expense	4	1,740	1,503
		12,861	10,416
Working capital adjustments:			
Trade and other receivables		1,016	(1,150)
Inventory		(20)	56
Prepaid expenses		(6)	-
Trade and other payables		556	60
Deferred revenue		(64)	364
Cash provided by operating activities		14,343	9,746
Investing Activities			
Purchase of property, plant and equipment		(397)	(336)
Purchase of investment property		(7,822)	(3,138)
Disposal of property, plant and equipment		51	-
Interest received		100	60
(Increase) decrease in other assets		(394)	51
Cash used in investing activities		(8,462)	(3,363)
Financing Activities			
Repayment of notes payable		-	(11,099)
Proceeds from long term debt		-	13,000
Debt retirement fund installments		(367)	(237)
Interest paid		(1,740)	(1,439)
Dividends paid		(2,250)	(6,750)
Cash used in financing activities		(4,357)	(6,525)
Net change in Cash and Cash Equivalents during the period		1,524	(142)
Cash and Cash Equivalents, beginning of period		6,325	6,467
Cash and Cash Equivalents, end of period		$ 7,849	$ 6,325

(see accompanying notes)

Notes to the Consolidated Financial Statements
(in thousands)

1. General Information

Saskatchewan Opportunities Corporation (the "Corporation"), which operates under the brand name of Innovation Place, was incorporated under *The Saskatchewan Opportunities Corporation Act*, which was proclaimed and came into force in 1994. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and has been designated a subsidiary of Crown Investments Corporation (CIC), a provincial Crown corporation. The financial results of the Corporation are included in the consolidated financial statements of CIC. As a provincial Crown corporation, the Corporation is subject to neither federal nor provincial income tax.

The Corporation's mandate is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of technology parks.

The Corporation's head office is located at 114 – 15 Innovation Boulevard in Saskatoon, Saskatchewan.

2. Basis of Preparation

a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (IFRS). As these consolidated financial statements represent the Corporation's initial presentation of its financial performance, financial position and cash flows under IFRS, they were prepared in accordance with IFRS 1, *First-time Adoption of IFRS*. The policies set out have been consistently applied to all the periods presented unless otherwise noted.

The Corporation's consolidated financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). Canadian GAAP differs in some areas from IFRS. In preparing the consolidated financial statements, management has amended certain accounting, valuation and consolidation methods previously applied in the Canadian GAAP consolidated financial statements to comply with IFRS. The comparative figures for 2010 have been restated to reflect these adjustments. Certain information that is considered material to the understanding of the Corporation's consolidated financial statements along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive income are included in Note 23.

The consolidated statements were authorized for issue by the Board of Directors on March 16, 2012.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments designated as fair value through profit and loss which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment, and investment property, and the underlying estimations of useful lives, capitalization of interest, disposal of long-lived assets, asset retirement obligations, and labour and directly attributable overhead; provision for unpaid claims; the carrying amounts of accounts receivable, inventory and investments.

Areas of judgments in applying accounting policies that have the most effect on the amounts recognized in the consolidated financial statements include the accounting for special purpose entities and the determination of cash generating units.

e) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements. The following new and amended standards become effective for annual periods beginning on or after January 1, 2013.

IFRS 9, *Financial Instruments*
IFRS 10, *Consolidated Financial Statements*
IFRS 11, *Joint Arrangements*
IFRS 12, *Disclosure of Interests in Other Entities*
IFRS 13, *Fair Value Measurement*
IAS 19, *Employee Benefits*
IAS 27, *Separate Financial Statements*
IAS 28, *Investments in Associates and Joint Ventures*

The Corporation does not have any plans to early adopt any of the new or amended standards. While the extent of the impact on adoption of these standards is not known at this time, it is not expected to be material.

3. Significant Accounting Policies

a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and 212822 Saskatchewan Ltd. (operating as Boffins) with all significant inter-company transactions and balances, revenues and expenses being eliminated. Boffins provides food and event services at the park in Saskatoon.

As the Corporation has an obligation to absorb the expected losses of 212822 Saskatchewan Ltd., it falls under the classification of a Special Purpose Entity and is consolidated in the accounts of the Corporation.

Separate audited financial statements are prepared annually for 212822 Saskatchewan Ltd.

b) Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, and short-term investments with an original maturity of three months or less.

c) Inventories

Inventories consist of items held which will be used in the provision of services at the Bio Processing Centre and at the parks.

Inventories are costed using the weighted average cost method and are charged to expenses when utilized.

d) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization and any provisions for impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes materials, services, direct labour and directly attributable overheads. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to property, plant and equipment.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

When property, plant and equipment are disposed of or retired, the related costs and accumulated amortization are eliminated from the accounts. Any resulting gains or losses are reflected in profit or loss.

e) Investment property

Properties held for rental purposes are classified as investment properties and are measured at cost using the same policies as for property, plant and equipment.

f) Amortization

Amortization is recognized on a straight-line basis over the estimated useful life of each component of property, plant and equipment and investment property. Amortization commences when the asset is ready for its intended use.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of amortization are consistent with the expected pattern of economic benefit from these assets.

The estimated useful lives of major classes of property, plant and equipment are:

Administration	3 – 10 years
Furniture and equipment	3 – 10 years
Processing facility	20 – 40 years

The estimated useful lives of major classes of investment property are:

Buildings	20 – 80 years
Infrastructure	25 – 60 years
Furniture and equipment	3 – 10 years
Leasehold improvements	lease term

g) Impairment of assets

At each reporting date, the Corporation reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs. Cash generating units are the smallest group of assets that generates cash inflow from continuing use. Corporate assets are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the carrying amount of the asset or cash generating unit does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

h) Revenue recognition

The Corporation uses the straight-line method of recognizing rental revenue whereby the total amount of contractual rent to be received from leases is accounted for on a straight-line basis over the term of the lease. Accordingly, deferred rent receivable is recorded for the difference between the straight-line rental revenue recorded and the contractual amount due from tenants.

With the exception of rental revenue, revenue is recognized as services provided to customers, tenants and clients using the accrual basis of accounting when it is reliably measured and there is probability that the economic benefit will flow to the Corporation.

Amounts received in advance of contract terms are recorded as deferred revenue.

i) Provisions

Provisions for legal claims are recognized when the Corporation has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in profit or loss as finance expense.

j) Financial instruments

The Corporation uses the following categories to classify its financial instruments: fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale, and other liabilities. All financial instruments are measured at fair value on initial recognition and are recorded on the consolidated statement of financial position. Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Transaction costs are included in the initial carrying amount of financial instruments except for those designated as fair value through profit or loss, in which case they are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Fair value through profit or loss financial assets and liabilities are subsequently measured at fair value, with changes in fair value being recognized in the consolidated statement of operations. Available-for-sale financial assets are subsequently measured at fair value, with changes in fair value being recognized as other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest method, less any impairment.

As at December 31, 2011, the Corporation does not have any outstanding contracts or financial instruments with embedded derivatives that are required to be valued separately.

The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels.

Level one — fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Corporation has immediate access.

Level two — fair values are determined using inputs other than quoted prices included in level one that are observable for the asset or liability, either directly or indirectly.

Level three — fair values are determined based on inputs for the asset or liability that are not based on observable market data.

k) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period incurred.

l) Employee benefits

All employees are members of the Capital Pension Plan, a defined contribution plan administered by CIC. The Corporation's financial obligation is limited to making regular contributions in proportion to employees' earnings. These contributions are charged to profit or loss when due.

Employee entitlements to annual leave are recognized as they are earned by the employees. An accrual, stated at current cost, is made for the estimated liability at period end.

4. Finance Income and Expense

Finance income consists of the following:

		2011		2010
Interest earned on bank balances	$	100	$	60
Interest earned on debt retirement fund		61		25
Change in fair value of debt retirement fund		33		2
	$	194	$	87

Finance expense consists of the following:

		2011		2010
Notes payable	$	-	$	11
Long term debt		1,740		1,531
Interest capitalized		-		(39)
	$	1,740	$	1,503

5. Cash and Cash Equivalents

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Cash in bank and on hand	$ 7,849	$ 6,325	$ 6,467
	$ 7,849	$ 6,325	$ 6,467

Cash held in bank earns investment income based on a fixed percentage in relation to the floating bank prime rate.

6. Trade and Other Receivables

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Trade receivables, net of allowance	$ 2,810	$ 2,092	$ 2,040
Accrued receivables	607	2,350	1,195
Work in progress	255	230	239
Other	60	76	124
	$ 3,732	$ 4,748	$ 3,598
Current	2,569	4,748	3,598
Non-current	1,163	-	-
	$ 3,732	$ 4,748	$ 3,598

Work in progress includes unbilled labour and materials for third party projects.

7. Property, Plant and Equipment

	Administration	Processing Facility	Furniture & Equipment	Total
Cost				
Balance at January 1, 2010	$ 3,324	$ 328	$ 1,925	$ 5,577
Additions	52	-	284	336
Disposals	(1,392)	-	-	(1,392)
Balance at December 31, 2010	1,984	328	2,209	4,521
Additions	19	-	371	390
Disposals	(242)	-	(40)	(282)
Transfers from related party	-	1,804	1,012	2,816
Balance at December 31, 2011	1,761	2,132	3,552	7,445
Accumulated amortization and impairment losses				
Balance at January 1, 2010	2,836	54	909	3,799
Amortization	228	24	263	515
Disposals	(1,392)	-	-	(1,392)
Balance at December 31, 2010	1,672	78	1,172	2,922
Amortization	155	46	231	432
Disposals	(242)	-	(3)	(245)
Transfers from related party	-	654	1,012	1,666
Balance at December 31, 2011	1,585	778	2,412	4,775
Carrying amounts				
Balance at January 1, 2010	$ 488	$ 274	$ 1,016	$ 1,778
Balance at December 31, 2010	$ 312	$ 250	$ 1,037	$ 1,599
Balance at December 31, 2011	$ 176	$ 1,354	$ 1,140	$ 2,670

8. Investment Property

	Buildings	Land and Infrastructure	Leasehold Improvements	Construction in Progress	Total
Cost					
Balance at January 1, 2010	$ 41,883	$ 9,938	$ 3,977	$ 2,014	$ 57,812
Additions	1,289	442	(27)	1,434	3,138
Disposals	(235)	-	-	-	(235)
Balance at December 31, 2010	42,937	10,380	3,950	3,448	60,715
Additions	4,211	1,324	655	1,639	7,829
Disposals	(699)	-	(1)	-	(700)
Transfers from related party	127,755	42,032	2,124	-	171,911
Balance at December 31, 2011	174,204	53,736	6,728	5,087	239,755
Accumulated amortization and impairment losses					
Balance at January 1, 2010	2,205	527	2,145	-	4,877
Amortization	1,235	257	650	-	2,142
Impairment losses	207	-	-	-	207
Disposals	(235)	-	-	-	(235)
Balance at December 31, 2010	3,412	784	2,795	-	6,991
Amortization	3,900	1,091	497	-	5,488
Disposals	(575)	-	(2)	-	(577)
Impairment losses	-	-	-	691	691
Transfers from related party	39,123	11,207	2,043	-	52,373
Balance at December 31, 2011	45,860	13,082	5,333	691	64,966
Carrying amounts					
Balance at January 1, 2010	$ 39,678	$ 9,411	$ 1,832	$ 2,014	$ 52,935
Balance at December 31, 2010	$ 39,525	$ 9,596	$ 1,155	$ 3,448	$ 53,724
Balance at December 31, 2011	$ 128,344	$ 40,654	$ 1,395	$ 4,396	$ 174,789

The market value of investment property at December 31, 2011 was $299,000 (December 31, 2010 - $281,000). The market value is based on internally generated estimates on cash flows of individual properties using capitalization rates in the range of 7.0% to 10.0% applied based on property type and market characteristics which resulted in an overall weighted average cap rate of 7.3%.

The impairment loss recognized during the year relates to costs incurred in prior years in the design of new buildings for development. As the corporation does not currently intend on proceeding with construction of these buildings the carrying amount of $691 is considered impaired. The impairment loss is recognized in the consolidated statement of comprehensive income under "Rental operations" expenses.

9. Debit Retirement Fund

Balance, January 1, 2010	$	242
Installments		237
Earnings		25
Valuation adjustment		2
Balance, December 31, 2010		506
Installments		367
Earnings		61
Valuation adjustment		33
Balance, December 31, 2011	$	967

Under conditions attached to the long term debt issues, the Corporation is required to invest an amount equal to one percent of the original debt issue on an annual basis. The investment, in the form of a debt retirement fund, is administered by Saskatchewan's Ministry of Finance. As at December 31, 2011, scheduled debt retirement fund installments due in each of the next five years are as follows:

2012	$	367
2013		367
2014		367
2015		367
2016		367

10. Other Assets

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Deferred rent receivable	$ 564	$ 315	$ 332
Leasing costs	211	66	100
	$ 775	$ 381	$ 432

11. Trade and Other Payables

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Trade payables	$ 1,432	$ 1,098	$ 941
Interest payable	632	632	529
Accrued liabilities and other	2,750	2,528	2,664
	$ 4,814	$ 4,258	$ 4,134

12. Provisions

The Corporation continues its discussion with the City of Saskatoon regarding electrical consumption for one building at Innovation Place that was not appropriately metered for the period of 1987 to 2002. The Corporation has accrued a provision which is considered to be a reasonable estimate based on the current facts. For sensitivity reasons, the provision is included with accrued liabilities. The Corporation will account for any difference in the settlement amount in the period in which the issue is resolved.

13. Long Term Debt

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Balance, beginning of period	$ 36,684	$ 23,684	$ 23,684
Issues during the period	-	13,000	-
Repayments	-	-	-
Balance, end of period	$ 36,684	$ 36,684	$ 23,684

The Corporation's long term debt balance consists of two CPP Investment Board debt issues with the Province of Saskatchewan.

Date of Issue	Date of Maturity	Effective Interest Rate (%)	Coupon Rate (%)	Outstanding Amount December 31, 2011
July 11, 2008	July 11, 2038	4.71	4.71	$ 23,684
May 3, 2010	May 3, 2040	4.80	4.80	13,000
				$ 36,684

There are no scheduled principal debt repayments due in the next five years.

14. Equity Advances

Prior to March 31, 2011, under an operating agreement with the Ministry of Energy and Resources (formerly the Ministry of Industry and Resources), the Corporation leased the majority of its assets from the Ministry of Energy and Resources for a nominal annual amount. Under the terms of this agreement, the Corporation had been assigned all rental revenue generated and was responsible for all costs associated with their operation.

On March 31, 2011, ownership of all of the assets previously leased from the Ministry of Energy and Resources was transferred to the Corporation through the Crown Investments Corporation (CIC). The transfer is accounted for at the book value of the assets being transferred and results in an equity advance from CIC in the amount of $120,687.

15. Operating Leases

Operating leases relate to investment property owned by the Corporation. Operating leases generally have terms of one to five years.

Rental income earned from investment property is reported as rental income, and associated operating expenses as rental operations expense, in the Statement of Comprehensive Income.

The future minimum lease payments under non-cancellable operating leases, at December 31, 2011, was as follows:

Within one year	$	19,283
After one year but not more than five years		36,828
More than five years		6,524
	$	62,635

16. Operating and Administration Expenses

		2011		2010
Employee benefits	$	10,969	$	10,520
Utilities		3,998		3,796
Grants in lieu of property taxes		3,928		3,566
Amortization		5,920		2,657
Inventory consumed in the provision of services		921		1,043
Other		7,800		6,966
	$	33,536	$	28,548

17. Capital Management

The Corporation's capital management objective is to maintain financial viability by effectively managing cash from operations and its capital structure.

The Corporation's capital structure consists of notes payable, long term debt, retained earnings and equity advances.

The Corporation funds its capital requirements through internally generated funds, debt and equity advances. As a Crown corporation, the Corporation receives its debt from the Saskatchewan Ministry of Finance. By legislation, the Corporation cannot have more than $170 million of debt outstanding at any time. In addition, by Order-in-Council, the Corporation may only have $50 million of short-term notes outstanding at any time.

The Corporation monitors its capital structure on the basis of the debt to equity ratio. The current long-term debt to equity ratio target is 60%, which is consistent with the prior period. The ratio is calculated as follows:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Long term debt	$ 36,684	$ 36,684	$ 23,684
Notes payable	-	-	11,099
Cash available to repay debt	(5,816)	(3,831)	(3,709)
Total net debt	$ 30,868	$ 32,853	$ 31,074
Retained earnings	$ 28,092	$ 23,496	$ 26,360
Equity advances	120,687	-	-
Total equity	$ 148,779	$ 23,496	$ 26,360
Debt ratio	17.18%	58.30%	54.10%

Cash available to repay debt reflects cash and debt retirement funds, net of cash required for operations.

The Corporation complied with all externally imposed restrictions on its debt for the period ended December 31, 2011.

18. Commitments

The Corporation has several capital projects under construction. The estimated cost to complete projects under construction is approximately $5,200.

19. Financial Instruments

The following table presents the classification, carrying amounts and fair values of the Corporation's financial instruments.

		December 31, 2011		December 31, 2010		January 1, 2010	
	Class.	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets							
Cash and cash equivalents	**FVTPL**	$ 7,849	$ 7,849	$ 6,325	$ 6,325	$ 6,467	$ 6,467
Trade and other receivables	**L&R**	3,732	3,732	4,748	4,748	3,598	3,598
Debt retirement fund	**FVTPL**	967	967	506	506	242	242
Financial liabilities							
Trade and other payables	**OL**	$ (4,814)	$ (4,814)	$ (4,258)	$ (4,258)	$ (4,134)	$ (4,134)
Dividends payable	**OL**	-	-	(2,250)	(2,250)	-	-
Long term debt	**OL**	(36,684)	(45,695)	(36,684)	(39,610)	(23,684)	(23,800)

FVTPL – fair value through profit or loss
L&R – loans and receivables
OL – other liabilities

Fair values

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables, notes payable and dividends payable approximate carrying value due to their immediate or short-term nature.

Debt retirement funds are valued at the closing period-end unit prices received from the Saskatchewan Ministry of Finance.

Long term debt is valued at the present value of future cash flows discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Fair value hierarchy

Fair value for cash and cash equivalents and the debt retirement fund are recognized in the Statement of Financial Position. Cash, by its nature, is classified as level one. The debt retirement fund is classified as level two.

20. Financial Risk Management

a) Credit risk

Credit risk is the risk of an unexpected loss if a client or third party to a financial instrument fails to meet its contractual obligations.

The maximum credit exposure is limited to the carrying amount of cash and cash equivalents, trade and other receivables and the debt retirement fund.

Cash and cash equivalents are maintained with high-credit quality financial institutions and management considers the risk of non-performance to be minimal.

Although the Corporation's policy to promote economic development leads to accepting some tenants that have higher credit risk, potential losses are mitigated by the fact that no one tenant occupies more than 10% of rentable space. The Corporation also has established policies and procedures to assess the potential risk prior to extending credit to any client. The following reflects an aging summary of the Corporation's accounts receivable:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Current	$ 1,631	$ 3,152	$ 2,486
31 – 60 days	288	875	254
61 – 90 days	90	86	79
Over 90 days	2,346	1,091	1,108
	4,355	5,204	3,927
Allowance	(623)	(456)	(329)
Trade and other receivables	$ 3,732	$ 4,748	$ 3,598

Provisions for credit losses are maintained and regularly reviewed by management. Credit losses are estimated based on an account by account review. Amounts are written off only after reasonable collection efforts have been exhausted. Details of the allowance are as follows:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Allowance for doubtful accounts, beginning of period	$ 456	$ 329	$ 1,068
Provision	271	217	389
Write-offs, net of recoveries	(104)	(90)	(1,128)
Allowance for doubtful accounts, end of period	$ 623	$ 456	$ 329

Debt retirement funds are on deposit with Government of Saskatchewan's General Revenue Fund. The investment strategy is determined by the Minister of Finance. At December 31, 2011, the debt retirement fund consists mostly of Provincial government and Federal government bonds with varying maturities and are managed based on maturity profile and market conditions. Accordingly the related credit risk associated with these investments is considered low.

b) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. The Corporation is exposed to interest rate risk on the maturity of its notes payable. Interest rate risk is managed through converting notes payable to long term debt with fixed interest rates. There were no outstanding short term debt instruments outstanding at December 31, 2011.

The Corporation is also exposed to interest rate risk on its cash balances as the rate of return fluctuates with prime interest rates. The impact of fluctuations in prime interest rates is not considered significant to the Corporation.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's cash resources are managed based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2011:

	6 Months or Less	7 - 12 Months	1 - 2 Years	3 - 5 Years	More Than 5 Years
Trade and other payables	$ 4,814	$ -	$ -	$ -	$ -
Long term debt	870	870	1,740	5,218	75,889
	$ 5,684	$ 870	$ 1,740	$ 5,218	$ 75,889

Contractual cash flows for long term debt include principal and interest payments but exclude debt retirement fund installments.

d) Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors.

The Corporation is exposed to market risk primarily through the debt retirement fund. Fair value adjustments will fluctuate based on changes in market prices. Fair value adjustments similar to those experienced up to December 31, 2011 would not have a material impact on net income.

21. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, universities, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan are also considered related parties.

Routine operating transactions with related parties are settled at agreed upon amounts under normal trade terms. Total rental revenue from related parties in 2011 was $15,895 (2010 - $13,593).

The equity advance from a related party during 2011 is disclosed in note 14.

The Corporation pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Compensation of key management personnel

Key management personnel include Executive Directors and Corporate Officers. The compensation paid to key management for employee services is shown below:

	Year Ended December 31, 2011	Year Ended December 31, 2010
Salaries, wages and short-term employee benefits	$ 1,418	$ 1,502
Post-employment benefits	78	83
	$ 1,496	$ 1,585

22. Pension Plan

Pension expense, consisting of corporate contributions made in proportion to employees' earnings, for the year ended December 31, 2011 was $554, ($536 for the year ended December 31, 2010).

23. Transition to International Financial Reporting Standards

As stated in note 2a, these are the Corporation's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended December 31, 2011, and the comparative information presented in these financial statements for the year ended December 31, 2010, and in the preparation of the opening IFRS statement of financial position at January 1, 2010, the Corporation's date of transition.

In preparing the IFRS financial statements, the Corporation has applied the mandatory exception for significant estimates. The Corporation's estimates under IFRS at the Transition date are consistent with estimates made at the same date under previous GAAP. The Corporation has not applied any of the optional exemptions provided in IFRS-1.

The Corporation has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP for the year ended December 31, 2010. An explanation of how the transition has affected the Corporation's financial position, operating results and cash flows is set out in the following tables and in the notes that accompany the tables.

Total assets

	Note	At December 31, 2010	At January 1, 2010
Total assets under Canadian GAAP		$ 68,157	$ 66,270
Adjustments for differing accounting treatments			
Capitalized operating income	a	149	149
Borrowing costs	b	(41)	(41)
Accumulated amortization	c	(785)	(681)
Change in inventory costing method	d	9	17
Total assets under IFRS		$ 67,489	$ 65,714

Total liabilities

	Note	At December 31, 2010	At January 1, 2010
Total liabilities under Canadian GAAP		$ 43,968	$ 39,329
Adjustments for differing accounting treatments			
Accrual for unused sick days	e	25	25
Total liabilities under IFRS		$ 43,993	$ 39,354

Total equity

	Note	At December 31, 2010	At January 1, 2010
Total equity under Canadian GAAP		$ 24,189	$ 26,941
Adjustments for differing accounting treatments			
Capitalized operating income	a	149	149
Borrowing costs	b	(41)	(41)
Amortization	c	(785)	(681)
Change in inventory costing method	d	9	17
Employee benefit obligation	e	(25)	(25)
Total equity under IFRS		$ 23,496	$ 26,360

Total comprehensive income

	Note	At December 31, 2010
Net income and total comprehensive income under Canadian GAAP		$ 6,248
Adjustments for differing accounting treatments		
Amortization	c	(104)
Change in inventory costing method	d	(8)
Net income and total comprehensive income under IFRS		$ 6,136

Cash flows

The adoption of IFRS has had no impact on the net cash flows of the Corporation.

Notes to the IFRS reconciliations

a) Under Canadian GAAP, operating results for buildings under development were capitalized to the cost of the asset during the predetermined leasing period. Under IFRS, operating results are not considered costs directly attributable to the cost of construction and are therefore not capitalized to the cost of the project.
b) Under IFRS, borrowing costs are only capitalized for qualifying assets until the assets are available for its intended use which has been determined to be upon initial occupancy which is a shorter period than under Canadian GAAP.
c) Component accounting was not practiced by the Corporation under Canadian GAAP but is required under IFRS.
d) Under Canadian GAAP, the cost of certain inventories was measured using the "first-in first-out" (FIFO) method. Under IFRS, the Corporation has adopted a policy that measures cost on the basis of the weighted average cost formula.
e) Under Canadian GAAP, no accrual was required for accumulated compensated absences unless they were vested with the employee. Under IFRS, a liability is recognized if additional payments are expected to be made based on the days accumulated at the end of the period.

IFRS reclassifications

In addition to the IFRS adjustments stated above, several reclassifications have been to the consolidated financial statements due to the conversion to IFRS.

i) The Statement of Financial Position has been separated based on current and non-current items.
ii) In accordance with IAS 40, the Corporation reclassified costs relating to investment property from property, plant and equipment to investment property.
iii) As the Corporation has elected to present expenses on the Statement of Operations using the function method, amortization expense has been segregated and included with the relevant functions.

Photo Key

Cover: The stream in the Garden Park in Saskatoon.
Table of Contents: A path to the pavillion in the Garden Park in Saskatoon.
A Message to Our Stakeholders: The Terrace in Regina.
Corporate Governance: A tree grate near the Galleria in Saskatoon.
Management's Discussion and Analysis: The arbor at Boffins Club in Saskatoon.

Innovation Place
114 - 15 Innovation Boulevard
Saskatoon, Saskatchewan
S7N 2X8

306.933.6295
saskatoon@innovationplace.com
www.innovationplace.com